

Response to FCC Docket Nº 98-232 (98-170)

“FCC Proposes to Make Telephone Bills Clearer, More Helpful to Consumers”

Comment

We at DETECON, Inc. think this is a very important issue for our industry and would like the opportunity to respond to this further. We would like to present/testify on this issue when it comes up for discussion.

Summary

The Federal Communications Commission (FCC) proposes to make telephone bills more “consumer-friendly” by providing customers the information needed to make informed choices in a competitive environment.

To accomplish this objective, the FCC has proposed that telephone companies follow three guidelines:

- Telephone bills should be clearly organized and highlight any new charges or changes to consumer’ services.
- Telephone bills should contain full and non-misleading descriptions of all charges and clear identification of the service provider responsible for each charge.
- Telephone bills should contain clear and conspicuous disclosure of any information a consumer needs to make inquiries about charges.

About DETECON

DETECON, Inc. is a US Corporation chartered in the state of Delaware.

The scope of consultancy and support through DETECON includes technical preparatory studies, planning, implementation and operation of complete systems supporting telecommunications including billing and customer care.

DETECON, Inc. is a wholly owned subsidiary of DETECON, Deutsche Telepost Consulting GmbH is a world-wide consultancy enterprise in telecommunications and computer services.

DETECON also offers extensive services in related questions of management and policy consultancy as well as regulation, economics, financing and marketing. In recent years the enterprise has developed, with a staff of about 1,000 experts, into one of the world's largest manufacturer-independent and neutral consultancy enterprises in this line. DETECON plays an important role in the forward-looking telecommunications market and has a place at the top, with an international reputation supported by more than 1,200 successfully implemented projects in over 110 countries.

DETECON is not a manufacturer or distributor of hardware products and standard software but is a system integrator, consultant and a provider of operation services, which concentrates on open system architectures and accepted standards.

Response

On the surface it is easy to understand the commission's rationale for the proposed changes - to protect the public. Often because of the bill's complexity many customers either become frustrated trying to understand the contents and charges, accept the charges "as-is" and pay it without regard for its correctness, have to call customer care for a bill explanation, or choose to change to a different carrier out of frustration (customer churn). The public needlessly pays for services it did not request or does not receive, and forces the telephone company into staffing customer support lines to answer questions that should be apparent.

The carrier may incur a short-term cost due to this legislation. However this is offset by fewer calls to customer care (hence less staffing requirements) and with undisputed bills, the collection of revenue is faster.

One of the key components of the Telecommunications Act of 1996 was increased competition for key areas such as long distance and local carrier access. However, the Telecommunication Act did not level the playing field as much as originally speculated. For if it had, the market demand would have required that the carrier enact the changes now stipulated through this legislation.

In undertaking a task of this magnitude, changing the primary lines of communication between the telephone companies and their customers, it is our opinion that there are some areas of the proposed legislation requiring additional clarification. Many of these were awaiting comments from the public to the commission. There are also additional steps that logically conclude from this legislation and we have outlined our suggestions accordingly.

Response Format

There are several "stakeholders" in the implementation of the legislation. The first two entities affected by the legislation are the carrier, who must comply with the legislation, and the customer, who receives the benefit of the legislation. There is also an additional party changed by enactment of this legislation, this is the software provider (billing vendor) who must change the software to comply with the legislation.

We have outlined the different areas of responsibility for each party. This framework will be used throughout our response as a guideline for comment.

1. Carrier - Service Provider
 - a. Who is the provider?
 - b. Under what auspices are they providing service?
 - c. What services are they providing?
2. Customer - Services and Products that the customer is receiving
 - a. What services are provided?
 - b. How are they packaged
 - c. How and when are they delivered?
 - d. How is dispute resolution handled?
 - e. Who does one contact?
3. Billing Vendor/Software Development

- a. Requirements and responsibilities
- b. May also provide service to customer
- c. Items of service providing
- d. Presentation layer (format)
 - 1. Multiple delivery methods
 - a. Paper
 - b. Electronic (diskette/email)
 - c. World Wide Web
 - 2. Data structure

Comments on individual sections

- **[SECTION 6]** The commission may want to develop a concept of a unit-price for the telephony services. This is already done by the FDA to allow consumers to compare homogenous products regardless of the brand or quantity purchased. If we extend this analogy to telephony products and services, showing a unit-price for two long distance companies, or 900-service companies, who offer similar products on the telephone bill at different prices (a per minute, or other charging method) allow the customer to quickly understand if they are getting a better deal from one long distance company or another.
- **[SECTION 11]** It is possible that a few billing vendors may need to change their legacy billing systems to meet the proposals objectives. However many will be able to use their existing billing infrastructure changing only the bill format. The costs associated would be in development, testing, and training time to the staff and their consumers. More importantly, the carrier will see an offsetting saving in two key areas; the carrier will ultimately need fewer customer care staff to answer questions, and the time to collect the revenue will be quicker since there will be fewer disputed bills.
- **[SECTION 17]** A visual separation of the different services used during the billing cycle, along with information necessary for dispute resolution should be a requirement of this legislation. This should include all the carriers used for local and long distance services (along with a line item showing the customer contracted local and long distance service), plus any other entities who added charges to the telephone bill during the cycle.
- **[SECTION 18/19]** A summary section/page added to the bill gives the benefit for the consumer to see, at a glance, many facets of his service. As suggested earlier, this page provides an outline of all the carriers/service providers used during the month. It should also indicate the "carrier of preference", where there is a choice, so that the customer can benefit from this quick recognition.
- **[SECTION 22]** Additional information such as dispute resolution telephone numbers, the pricing plan used for the call, and the per minute charge. This connects heavily with sections 33 and 34 for dispute resolution.
- **[SECTION 30]** This safe harbor language should be printed/attached onto the customer's first bill (or including with the "welcome pack" often sent by the carrier). Additionally, this information should be included in the bill annually.

- **[SECTION 31]** Line items attributed to government action, such as the "FCC Universal Charge" added to the bill by some local carriers, should be disclosed by the carrier as a charge being passed-off by the carrier to their customers rather than how it appears as a charge directly by the government agency.
- **[SECTION 34]** Dispute resolution should be a very important part of this legislation. One possible method of encouraging a better dispute resolution method is to follow the model used today by credit cards companies. Essentially if the individual recognizes a charge on his credit card bill that is either no his or incorrect, he attempts to resolve it directly with the company. Assuming that he is unable to resolve it with the company, the customer can have the credit card company intervene on the customer's behalf. If the credit card company finds this to be an incorrect charge, he can credit the customer's bill with the charge and withhold payment to the service provider. This is a very good model to understand because it provides an entity to assist the customer over and above the carrier.

Additionally to the dispute resolution concept, the commission should keep statistics regarding the dispute resolution process, much like the FAA currently undertakes with the airline industry. This helps to track the number of disputes and their resolution status. This information could be useful for the customer to determine the best carrier to use based on its customer service performance along with published pricing.

Tracking disputes should be an important part of this legislation. As long as there is only one *reasonable* choice, the market will not move to change without government intervention. While the Telecommunication Act of 1996 did open the market to competition, often the competition is not able to offer enough services to make it a reasonable choice. The consumer is limited in carrier choices. The measuring stick used for tracking the carrier's compliance to the legislation should be broader and include:

- number of complaints
- average duration of resolution
- ability to reach an operator/customer care personnel
- ability to resolve the dispute on the first call.

Areas where DETECON can assist the commission

Once the commission has passed the legislation, it is then a matter of legislation enforcement. Prior to the implementation of this legislation, the Federal Communications Commission should examine the following five points:

1. Determine the threshold to which the commission should excerpt regulatory control.
2. Solicit proposals from an independent party for auditing and monitoring the carriers compliance to the legislation.
3. Develop a set of minimum compliance requirements for the structure of the telephone bill.

4. Monitor customer satisfaction and dispute resolution where there is a non-compliance with points 2 and/or 3 (above). Any serious non-compliance should be directly investigated by the commission.
5. Develop a reporting structure to be presented to the commission and published to the industry and the general public outlining the companies complying with the regulations and the public's perception of the outcome.

DETECON can provide to the commission a proposal outlining the services provided and the costs of those services to assist in the compliance requirement development, implementation, auditing, monitoring, and enforcement of the key points within the legislation.

Conclusion

DETECON applauds the commission's effort to revise the legislation regarding the telephone bill. The commission's changes, along with the suggestions we provided should help solidify the legislation and give consumers an easier to read and more helpful telecommunications services bill.